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The Politics of Austerity

The Moral Economy in 1970s New York

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The fiscal crisis that nearly sent New York City into bankruptcy in 1975 continues to reverberate in the city's dominant mythology. Ever since the 1970s, urban economists and people in the upper echelons of the city's political life have seen the crisis as an inevitable consequence of lax spending, unrealistic expectations of city government, and absence of oversight. The resolution of the crisis through the adoption of budget cuts that shrank the public-sector workforce by about 60,000 people has therefore often been viewed as a moral and political victory for the leadership of the city. As Lazard Freres investment banker Felix Rohatyn (who played a leading role in negotiating the deals that kept the city out of bankruptcy court) put it in an essay in the *New York Review of Books* about the fiscal crisis a few years after its resolution, "The people of the city were willing to make real sacrifices as long as they believed that those sacrifices were relatively fairly distributed, that there was an end in sight and that the result would be a better city, a better environment, and a better life."[1]

Although the real causes of the fiscal crisis were more complex than this moralistic interpretation indicates, aspects of this narrative of common sacrifice are persuasive. The city's major public-sector labor unions, and most of its leading Democratic politicians, quickly came to consensus that there was little point but to acquiesce to retrenchment. Fearing that bankruptcy might mean the loss of their contracts and could endanger the very practice of collective bargaining, most of the city's public-sector unions agreed to wage cuts and freezes and a policy of shrinking the city government through attrition and layoffs. They used the pension funds of their members to purchase hundreds of millions of

dollars of city debt in order to help the city avoid declaring bankruptcy, making them literal participants in the new order of the city. The politicians at the city's helm, all of them Democrats, were the ones who enforced and created the austerity regime. Despite some initial objections and rebellions against the new order, it grew increasingly difficult for any mainstream political leader to propose a real alternative and remain within the framework of accepted discourse—as became clear in the mayoral election of 1977, when even candidates who might have seemed open to more radical approaches (such as former Congresswoman Bella Abzug) adopted programs that had much in common with the business-oriented platforms of Congressman Ed Koch and incumbent mayor Abraham Beame. Thus, the turn toward a framework for governance in the city that emphasized the primacy of the private sector and the weakness of the public can seem inevitable, as though most people in the city came to believe that this was the only real way forward.

But despite this rapid consensus at elite levels, the working-class response to the fiscal crisis was far more ambivalent than this capsule summary suggests. The cutbacks and retrenchment of the fiscal crisis era set off a wave of protests in working-class neighborhoods—demonstrations of resistance that have been almost entirely neglected in most treatments of the crisis. Many of these were focused on the protection of public services—schools, fire stations, colleges, hospitals—that were important both materially and symbolically. They delivered real benefits to the various neighborhoods of the city, but they also represented the inclusion and incorporation of its residents into the city as a whole. These struggles suggest that the turn in New York politics was deeply contested, that it was not accomplished easily, and that efforts to shrink local government met with substantial difficulty and friction.

Accounts of the rise of neoliberalism at times make it sound as though this epochal shift was accomplished fairly easily, as though the elite program was developed and imposed from above on a population that had little real capacity to articulate alternatives. The story of New York City during the fiscal crisis, though, suggests an alternative way to approach both the politics of crisis and that of neoliberalism. The city's economic and political elites abandoned older ways of organizing social life in the city only with difficulty. Although many shared a general sense that the city's government was too large and expensive, taxes too high,

and social provisions too generous, they did not have a clear or coherent policy alternative at hand before the crisis began. And when they finally were able to impose a set of budget cuts, these cuts met with substantial critique and resistance, so much so that at times city elites had to make real concessions and preserve services. Far from being a straightforward, easy process, then, the shift in the city's governance at the end of the 1970s took place haltingly and slowly, and the transition was far from complete even at its conclusion.

Recognizing this does not mean that we should overstate the nature of the resistance. This had an intensely local focus, as people in particular communities sought to preserve their services and their neighborhoods. It was defensive in nature, seeking to hold on to what had existed—even though local activists had previously been critical of the various racial and economic inequities in the city's public sector. During the crisis, there was no organization from the left that was capable of mounting a substantive political challenge to the basic logic of the fiscal crisis or proposing an alternative future for the city's public sector. Those who opposed austerity were not capable of uniting different groups throughout the city into a coherent mass movement. Nonetheless, this neighborhood orientation, with all its limitations, did not mean that the politics of resistance to the fiscal crisis was simply framed in terms of protecting services in particular communities. On the contrary, the fiscal crisis was intensely charged with symbolic meaning. It came to represent the withdrawal of public resources from these poor and working-class neighborhoods and their redirection to other constituencies in the city, most notably the corporate sector and those who worked within it.

Throughout the 1960s, New York's local welfare state—already more extensive by far than most municipal governments—had expanded in response to the political protests of the era and in particular those mobilizations that had been animated by the civil rights movement. The fiscal crisis marked the end of this period of growth and became part of a broader social conflict extending back to the 1960s and into the 1980s over the question of for whom and in whose interests the city government would run. Many causes of the crisis were rooted in the underlying structure of city finances: the dependence of the city on Albany to raise taxes; the funding formulas for welfare and Medicaid that left New York

responsible for a full quarter of the payment of these social programs; the constitutional limits on the city's property taxes; the divide between the city and its suburbs, which meant that people who earned their incomes in the city and whose wealth depended on New York could evade paying taxes to the city government; the trends undergirding the migration to the suburbs and the departure of industry from the city.

The climate of emergency during the 1975 fiscal crisis and the real risk that the city would go bankrupt effectively reframed all these issues in the much more restricted and highly moralistic rhetoric of budgetary responsibility. The city's problematic accounting practices, its raiding of the capital budget to pay for expenses, and the high level of disorganization that had made it possible for New York to borrow hundreds of millions of dollars guaranteed by funds that might never appear without anyone really acknowledging that this was happening all came under scrutiny and criticism as the crisis unfolded. The larger reasons the city government remained perennially short of funds disappeared.

Recalling the resistance to the budget cuts can be a reminder that not everyone in the city forgot about these structural problems. Although historians have frequently seen the urban populist uprisings of the 1970s as racially antagonistic and fiercely local (especially the white working-class efforts to resist the integration of public schools), the fiscal crisis in New York was met by a vision of the city centered on debates over its economic restructuring.[2] The working-class and middle-class people (white, African American, and Latinx alike) who protested the shutdown and retrenchment of local institutions were driven by a sense of the broader organization of the city and the role of their neighborhoods within the polity as a whole. They came to view the city government and the financial elites of the city—rather than other racial groups—as the primary threats to their autonomy and their continued presence in the city. In their response to the crisis, they insisted that social considerations should be paramount over narrowly fiscal logic. What might have appeared to be neutral, technocratic, and uncontroversial concerns about budgets, taxes, revenues, and accounting practices actually hid a level of fierce engagement and struggle over the nature of the city, the questions of who the city government ought to serve and to whom it should be accountable, and whose voices mattered in determining the future direction of the common metropolis.[3]

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"New York City is in a far greater state of disarray than appears from the crises which erupt from day to day or week to week," wrote lawyer and Democratic Party activist Edward Costikyan in a *New York Times* op-ed in August 1971. "Western Electric is leaving town one day. American Telephone & Telegraph the next. A public strike takes place a week later. It is or will be followed by a police scandal and then perhaps by a jail riot or a total court breakdown. And so it goes."[4]

Costikyan spoke for a group of people in the city's economic and political elite who were becoming increasingly concerned in the early 1970s with the intensifying conflicts that appeared to be engulfing New York. On one level, these problems could be summed up in terms of the white flight and deindustrialization that plagued so many northeastern and midwestern cities at this time. Both were real issues in the city: New York's population declined by 10% (more than 800,000 people) during the 1970s. Most of those who migrated away from the city were white; the city's Latinx and African American population actually rose slightly over the decade.[5] At the same time, the city lost more than half a million jobs between the late 1960s and late 1970s. While the city's diverse, small-scale manufacturing base comprised of medium or small factories in a wide range of industries had long been different from that found in many industrial cities such as Detroit, Youngstown, or Chicago, dominated by a single industry or a few large plants, it was affected no less than these manufacturing behemoths by intensifying competition from low-wage regions (especially in the garment trade) and the migration of plants to the south and overseas.

City leaders tried to meet the decline of industry by articulating a vision of New York City as a service-centered metropolis and by using city government to actively retain both industrial and other firms. In the mid-1960s, Mayor John Lindsay had envisioned a post-industrial future for New York as a white-collar city of executives and professionals. But by the end of the decade, the very corporate headquarters that were the centerpiece of Lindsay's vision were departing the city as well, prompting leaders in real estate (the least mobile of industries) to start a new organization, the Association for a Better New York, to try to woo companies to stay through use of public relations campaigns, efforts to

market the city, and attempts to create a "better business climate" in New York. All these issues and the mounting anxiety about business leaving the city gave a sharply political cast to questions about spending and taxation, limiting the sphere of action available to the city's leaders in the years leading up to the fiscal crisis.

On the other side, rising unemployment in the city and the social desperation of the urban poor created an intense political atmosphere. Throughout the postwar years the city had been defined in part by its extensive public sector—its network of municipal hospitals, colleges, libraries, parks, public housing, and transit that set New York apart from other American cities. The very terms of this urban "social democracy" (as historian Joshua Freeman has described it) were being called into question in the late 1960s and early 1970s.[6] Public services were often at the heart of political struggles, as the Young Lords (working in the Puerto Rican community) and the Black Panthers frequently challenged the substandard public institutions that served people of color in New York.[7] In 1970, for example, the Young Lords led a takeover at Lincoln Hospital in the South Bronx, objecting to the unsatisfactory care delivered there—which even the hospital itself described in an internal memo as "a completely inappropriate place to care for the sick."[8] The activists wanted to return the hospital to "community control," echoing the fight over public schools in the late 1960s. Meanwhile, welfare rolls in the city expanded to about 1 million people, not only because people were losing jobs as industry departed but also because welfare rights organizers encouraged women to know their rights to collect benefits and facilitated their signing up. Activists staged protests at welfare centers to demand "special grants" to pay for such necessities as beds, dust mops, telephones, new clothing for kids to wear to school; when the state government tried to limit such grants, welfare recipients took over buildings and sat in for hours—hundreds were arrested.[9] Black and Puerto Rican students took over the City College campus in 1969 and demanded the expansion of the enrollment of students of color at the flagship four-year schools in the city system.[10] Inmates at the Men's House of Detention—the city jail in Lower Manhattan known as the "Tombs"—rioted to protest their conditions, which Congressman Charles Rangel likened to those in Con Son, the South Vietnamese prison where political inmates were kept in cages the size of chicken coops.[11] At the same time,

there was an upsurge in unionization campaigns among public-sector workers—who were inspired by the spirit of the movements for racial equality—in New York City as across the entire country at this time.[12]

This atmosphere of social and political struggle was the backdrop to the expansion of the city government and of spending in the late 1960s. It brought the needs of the city into fierce competition with the imperative to reduce spending and taxation to lure investment, as business people feared that they would bear primary financial responsibility for the growth of government programs that served poor people. In 1966, for example, the New York Stock Exchange flirted with the idea of moving out of New York to Connecticut or even California after the city gained permission from Albany to enact a stock-transfer tax. Mayor John Lindsay set up a special commission to try to keep the stock exchange in New York. But this did not mollify the representatives of the NYSE, who wrote in their final report, "The fiscal and political pressures on the City Administration are so great we can look for no tax relief whatsoever from the City of New York." The city was too committed to keeping its cheap transit and to providing welfare to let go of an available tax source. In fact, it seemed far more likely taxes would be raised again in the future than that they would ever be cut. Given this, the Board of Governors should proceed "with all deliberate speed" to relocate the NYSE beyond the city limits.[13]

Even before the fiscal crisis began, different classes and social groups within the city were struggling over resources through the city budget. This would only intensify once the city's banks ceased to roll over its debt in the spring of 1975, so that the city could no longer access the credit it needed to finance everyday operations. The result was that New York was left near bankruptcy—a condition that endured through most of 1975, and was only resolved once the city had agreed to enact extensive budget cuts; public-sector workers had accepted wage freezes, attrition, and layoffs; and the federal government, banks, and the city's labor unions had agreed to extend loans to New York to help it avoid bankruptcy court. But the settlement of the budgetary aspects of the crisis did not mean that social peace had been restored to the city. On the contrary, the conflicts that had fueled the spending crunch to begin with continued and even gained momentum as the city enacted a sweeping program of cuts in the years that followed the crisis: cutbacks that

affected the school system, fire protection, sanitation, higher education, police protection, infrastructure and maintenance, the city's criminal justice system, and the daily experience of life in the city as a whole.

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The protests against the budget cuts of the era were framed rhetorically in a variety of ways. One line of argument emphasized that service cuts would imperil the future of the middle class in New York City. The city was becoming increasingly dangerous, and the local state no longer seemed capable of offering protection—especially to its productive, virtuous citizens. One person who self-identified as a businessman wrote to Mayor Abraham Beame to warn that "without sufficient police protection this city will become a jungle."[14] Another wrote the mayor to complain that anyone with the resources to flee New York would do so, leaving the city destitute: "Someday not too far off in the future, someone will make a study on how NEW YORK CITY became a GHOST CITY. He will find that it became that way because the Middle Class residents that lived there had been chased away . . . by having to pay taxes, and little by little being deprived of all public services."[15] Another Bronx woman wrote to her state senator: "CAN YOU PLEASE HELP? Mayor Beame has put our lives in jeopardy" (she objected to "reckless" cuts to the fire department).[16]

This set of arguments implicitly contrasted a respectable, worthy middle class with an image of the "undeserving poor," suggesting that the city's cuts meant abandoning the former and allowing the city to be overwhelmed by the latter. However, this conservative framing was not the only source of resistance to the cuts. Equally important was the idea that the city government had taken sides: that it had chosen to favor groups other than the working-class residents of the city, and that the cuts reflected an underlying logic that was intended to actively drive these unwanted New Yorkers away.

This sensibility came to the forefront in struggles over fire protection. Fire service in the city had been the subject of fierce contention even before the fiscal crisis. In the late 1960s, the Lindsay administration had contracted with the RAND Corporation to study the fire department and suggest ways that the city could improve its services. Based on analysis of the amount of time it took a fire company to get to the fire, and

on dividing the city into different "hazard categories" determined by the likelihood of fires, the RAND researchers proposed closing or relocating thirty-five fire companies between 1972 and 1976.[17] Over the course of the 1970s, thirty-two of the city's 114 fire companies were disbanded (seven of them after the fiscal crisis became common knowledge).[18] Lindsay's Fire Commissioner, John O'Hagan, prided himself on the idea that he could increase the efficiency of the department, running it more safely despite having fewer resources. The RAND analysis also advocated replacing the old alarm boxes with telephone-style alarms so that the person calling in could actually speak to the dispatcher—an idea that might have been helpful, but which led in practice to a dramatic rise in the number of false alarms, and which encouraged RAND to argue that a single truck should be sent whenever the dispatcher could not make out what the person on the other end of the phone was saying.

The RAND reforms did not reduce fire in New York. Instead, over this same period of time the number of serious fires in the city rose from 160 per year in the mid-1960s to 500 in the late 1970s.[19] Fire, as one retired fire chief put it, had become "a metastasizing cancer on the city."[20] Because the consequences an increase in fires could have on a neighborhood were so severe, almost every one of the RAND-driven proposals to close or relocate a fire company between 1972 and 1976 met with intense resistance and protest, both from neighborhoods and from firefighters themselves. "Fires in the Bronx mean empty firehouses in Queens, Brooklyn, Manhattan and Staten Island," read a 1975 full-page ad taken out by the fire officers' union in the *Daily News*, objecting to the RAND-endorsed strategy of closing firehouses in areas with a high incidence of fire and servicing them with units from elsewhere in the city.[21] When the onset of the fiscal crisis brought a new wave of threatened closures in the summer of 1975, there were protests at nearly every one of the endangered firehouses. But the most dramatic of these came in the Northside neighborhood of Greenpoint-Williamsburg in Brooklyn, where local activists and families took over their 112-year-old firehouse and staged a sixteen-month-long sit-in to keep the engine from being moved out, desperately trying to save fire protection before their entire neighborhood was condemned.

For the activists involved in trying to keep Engine Company 212 open, the city's desire to close it seemed to reflect an underlying hostility

to their presence in the neighborhood overall. Many feared that the plan to shutter Engine 212 was part of a larger plot by the city to withdraw services, drive residents away, claim the waterfront land of the neighborhood and turn it over to industrial businesses to keep them in New York.[22] They found it impossible to accept the city's rhetoric of fiscal necessity at face value. "We believe that the fiscal reforms adopted by the City Government are an attack against the poor and working people," read one editorial in the newsletter of a community development organization.[23] The firehouse activists described themselves as hardworking members of society who fulfilled their obligations and were deserving of services: "They took the truck we paid for through taxes," one speaker at a rally said.[24] The "working people" of the Northside—blue-collar, middle-class, and poor alike—wanted their due respect as "taxpayers."[25] People reasonably feared that the closure of Engine 212 would lead to more abandonment of buildings, more redlining by banks, more expensive fire insurance policy rates. Thus, it might actually lead to an increase in fires in the neighborhood, tipping Greenpoint-Williamsburg toward becoming a neighborhood, like Bushwick, that was completely decimated by fire. The physical destruction caused by fire mirrored the underlying hostility they believed the city's leaders felt toward them. They framed their struggle in the terms famously laid out by the city's housing commissioner in the mid-1970s, Roger Starr. One banner hanging in the firehouse read, "Planned Shrinkage Means Planned Genocide," and another pronounced: "Planned Shrinkage Stops at Northside."[26]

The fight over the firehouse was waged in a white working-class neighborhood inhabited primarily by people of Polish and Italian descent who feared that their social place within the city was slipping. Equally intense, however, were the conflicts over the City University of New York, which had long provided a vision of upward mobility and intellectual uplift that was widely celebrated in the city as a whole. CUNY had been transformed in the early 1970s to grant African American and Latinx New Yorkers a new measure of inclusion. The adoption of "open admissions" in 1970—whereby any high school graduate in the city could attend a city university—increased the size of the university system from 118,000 students in 1969–70 to 212,000 students in 1974–75.[27] This expansion strained both its physical capacity and its faculty. In 1970, the first year after open admissions began, teachers held classes

in coat rooms, copy centers, an indoor ice skating rink, a bingo hall, and a synagogue. One campus president set up his office in a campus trailer.[28] Some faculty members resented open admissions, arguing that it degraded the quality of education possible within the system overall. But the expansion of CUNY also offered great hope to those who were able to benefit from the changes. CUNY's growth in the early 1970s also reflected the opening of several new campuses, including Hostos Community College in the South Bronx.

Hostos was an unusual educational experiment. Opening in 1970, the college was designed for a bilingual population, offering classes in Spanish alongside instruction in English. The students were older than traditional college age, and they included many single mothers and others for whom access to higher education was hardly a given. From its earliest days, people saw Hostos as a rare example of city investment in the South Bronx. As such, the college commanded an intense loyalty from the broader community.

In the fall of 1975, the president of City College, a chemist named Robert Marshak, introduced a plan to rationalize CUNY by closing and merging several campuses into each other. (The idea was to model CUNY on the University of California system—to create some flagship campuses such as City College that would serve as "research centers" while making others into teaching institutions.) Hostos, he proposed, might be joined to Bronx Community College—a move that would take it out of the South Bronx and also end the distinctive bilingual programming at the school. When people on the campus and in the neighborhood heard that Hostos might be closed as a result of the fiscal crisis, it seemed an unconscionable withdrawal of city resources from a neighborhood and a community that was starved for them already. The Hostos Community College Senate formed a Save Hostos Committee, to "mobilize the forces of the students, faculty, staff and community" to guarantee that the school would survive as a "separate entity," not closed or "absorbed into any other institution."[29] Letters from Hostos professors began to appear in the *New York Post*, the *Daily News*, and eventually the *New York Times*.[30] Congressman Charles Rangel pledged his support for the school, and a group of Latinx state politicians wrote a letter to the Board of Higher Education: "No budget crisis can ignore the devastating impact which the closing of this college would have on the

Puerto Rican population which has received the least services from the public education system of this city."[31] Even the head of the Manhattan/Bronx division of Bankers Trust wrote to the CUNY Chancellor to express his hope that the "imminent state of crisis" facing New York would not mean the "complete abandonment" of Hostos.[32]

Meanwhile, more radical student organizations were less focused on organizing through the electoral system, viewing the city's political leaders as impotent and arguing that the only way to pressure the city successfully was to target the banks. As one early flyer put it, "the banks, through 'Big MAC,' are responsible for all the cutbacks which threaten to close all the services that our community needs." One group held a late November demonstration at Chase Manhattan Bank: "Join your neighbors in the struggle to protect our right to a better life."[33] The chair of the Social Sciences Department at the school penned a furious letter to deputy mayor John Zuccotti: "Why close the only college in the economically depressed area of the South Bronx?"[34] In a subsequent letter, he wrote that the creation of Hostos had been a major victory for the people of the South Bronx and Harlem. "When their interests are so callously cast aside, the city loses, and our precious democracy and equality become empty symbols. Our future lies in opening such colleges, not closing them."[35] Stephen Berger (executive director at the Emergency Financial Control Board) noted that he had received 400 letters in support of Hostos, while one state senator wrote: "The mail on Hostos is so heavy that it is impossible to answer each letter personally."[36] The efforts to protect Hostos culminated in a student-led three-week-long takeover of the school in the spring of 1976, which brought many community people into the mobilization. One day neighborhood parents brought more than 500 children to encircle the school, chanting: "Save Hostos, we too want to go to college!"[37]

In Greenpoint-Williamsburg and in the South Bronx, the neighborhood mobilizations were to some degree successful. The city relented and withdrew its plans to close Engine 212, reorganizing fire service in Brooklyn in order to keep it open. (At first the Fire Commissioner proposed closing a fire station in mostly African American Fort Greene to move the resources to North Brooklyn—a suggestion that the activists at Engine 212 vetoed.) When the Board of Higher Education voted in the summer of 1976 to impose tuition at CUNY in return for receiv-

ing additional aid from New York State (money it badly needed, as the university had been forced to shut down for lack of funds before even finishing the spring semester), Governor Hugh Carey permitted Hostos and the other campuses threatened with closure to remain open. Neither of these victories was unambiguous. Keeping Engine 212 open meant shifting resources for fire prevention around Brooklyn and Queens, not restoring the money given to the fire department in the budget overall. Preserving Hostos (and the other CUNY campuses threatened with closure, including John Jay and Medgar Evers) was possible, but preventing the imposition of tuition for CUNY alongside budget cuts to the system as a whole was not. The logic of the fiscal crisis meant that it was easier to keep specific and beloved institutions open than it was to maintain public spending overall. Nonetheless, that the city changed its direction with regard to both Hostos and Engine Company 212 was a sign that protests could make a difference: that community resistance to austerity could change the options available to the city overall.

Five years later, the fight over Sydenham Hospital in Harlem suggested the limits of this kind of neighborhood resistance. Sydenham Hospital was a historically African American hospital, once among the few places where black doctors and nurses could practice medicine in New York City. Throughout the postwar years, it had provided care to the Harlem community, as well as offering a secure place of employment for African American medical professionals and hence a foothold for the African American middle class in the city. During the fiscal crisis, however, the city's municipal hospitals came under fire, both from the Beame administration and from the Emergency Financial Control Board, the state agency that had been created to oversee the city's budget and guarantee that it was making progress toward balance. Many of New York's hospitals, city officials argued (with the support of the EFCB), were poorly staffed and badly run, providing substandard care and failing to meet basic health standards while also draining the city's financial resources. The only reason to keep them open was as a source of jobs—they no longer functioned to provide decent care. The head of the Health and Hospitals Corporation—an African American doctor named John Holloman who had a background in the civil rights movement and a politically radical approach to health care, viewing it as a fundamental human right—was publicly and fiercely critical of this stance, and of

the city's insistence on closing hospitals in order to balance the budget. He was ultimately forced to resign his position. Several hospitals were closed in late 1975 and 1976, and Mayor Beame's office proposed shutting Sydenham as well—a suggestion that was withdrawn after it became clear that it would be met by an uproar.

By 1980, however, Ed Koch was the mayor. Koch's electoral coalition joined white ethnic New Yorkers with members of the city's business elite, and he had something to gain from showing each of these groups that he was willing to shutter popular public institutions over community objections and pressure if it was necessary to meet budgetary objectives after the fiscal crisis. Koch insisted that it was necessary to close Sydenham. The plan met with approval from the city's leading media institutions: as the *New York Times* editorial page put it, "[The] decrepit facility should be closed down, beyond doubt."[38] Koch suggested that instead of continuing on as a hospital, Sydenham should be refitted as a drug and alcohol treatment center.

The suggestion met with outrage from the Harlem community. Whatever the problems with Sydenham might be, the withdrawal of resources from a neighborhood that seemed in the grip of real health crises seemed unconscionable. Harlem had been designated a federal "medical disaster area" in 1977, with infant mortality rates that were much higher than in the rest of the city and tuberculosis rates more than twice as high—how could closing a hospital be justified?[39] "Harlem Hospital is always crowded, and our only alternative is to go downtown for treatment. But they don't want poor or black people down there in their hospitals," one patient told the *Daily News*. As a public hospital, Sydenham treated people without insurance, and it was unclear what would happen to these patients without the hospital. "I guess a lot of the people around here are just going to die," said one nurse, a Harlem native.[40] Beyond this, the hospital represented the hard-fought efforts of African American doctors and nurses to carve out a space where they could practice their skill and receive respect and a sense of dignity. Closing the hospital would make it impossible to maintain an African American middle class in the neighborhood at all. One *Daily News* columnist wrote that Sydenham was one of the forces that "keeps the junkies from taking over this neighborhood."[41] The hospital was already surrounded by empty and deserted buildings. For it to be closed, or turned into a

facility for treating addicts, suggested the broader impoverishment of the neighborhood. As one woman put it, "It seems to me they're closing down Harlem."[42]

When the closure of Sydenham began in September 1980, protesters quickly gathered in the streets outside. One small group of protesters—including the Reverend Herbert Daughtry of the Black United Front and the House of the Lord Church in Brooklyn, which had been a center for organizing the opposition to budget cuts in the black community throughout the 1970s, and Cenie Williams, the president of the National Association of Black Social Workers—initiated a sit-in in the hospital administration's offices. Staff doctors kept treating patients, saying that they would go to jail to keep the hospital open.[43] Over the next few weeks, the hospital was a center of protest. One Sunday saw a demonstration of several thousand people who came dressed in their church clothes, as though to show the respectability of the neighborhood, marching past rows of mostly white police officers decked out in riot gear.[44] There were also open skirmishes with the police—some said that these began when crowds charged wooden barricades, while others alleged that the police were the ones who had attacked the protesters, running into a group of demonstrators with their batons swinging.[45] Police cut the phone lines to isolate the group of occupiers and prevented food from being brought into the building, leaving those conducting the sit-in to rely on what remained in hospital storerooms for sustenance. After eleven days, the police entered the hospital to remove those sitting in, saying that there were rumors that the Communist Workers Party planned to bring in guns and that they had to act to forestall violence. The protesters went limp and were carried out of the facility. Despite several more months of daily demonstrations, Sydenham was closed at the end of the fall.

The Sydenham protest was the last of the major upheavals related to closing public institutions in the wake of the fiscal crisis: Koch was able to defeat a challenge from the left (by state assemblyman Frank Barbaro, who explicitly criticized Koch's approach to the fiscal crisis) and win re-election in 1981. When his administration shut down two more neighborhood hospitals in Brooklyn in the early 1980s, there was little in the way of public criticism.[46] For Koch, the entire episode was an opportunity to prove his tough resolve and unwillingness to concede

to popular political pressure—the more opposition there was, the more determined he was not to give in. As he told the press, "Am I supposed to give in to mob rule just because it's a black mob? I'll never give in to unreasonable demands or threats by any group."[47] But the underlying pessimism of Koch's approach was evident in the fate of the old Sydenham building, which stood vacant and abandoned for years, even as AIDS and tuberculosis ravaged the city and took an especially severe toll in Harlem.

The revival of the city's economy later in the 1980s meant the restoration of much of the spending that had been cut during the crisis. But other measures—such as the hospital closures and the introduction of tuition—were never undone. In the decades that followed, the city would expand its subsidies for corporate investment and real estate development. Efforts to harness private wealth to fund city services—such as park conservancies to raise money for specific parks, or parent-teacher associations taking on major fund-raising responsibilities—grew dramatically, with the effect of generating substantial inequality in the funding of parks and schools.[48] While the protests associated with the fiscal crisis and the attendant budget cuts subsided, they nonetheless remain important for what they can tell us about working-class politics in the 1970s. They suggest the deep social and political meaning that New Yorkers attached to public institutions at this moment in the city's history. Schools, hospitals, colleges, fire stations, sanitation—these were not simply city services that people were entitled to because they paid taxes. They were a marker of who the city valued, a symbol of the city government's commitment to the different communities of the city, a way of ensuring respectability and progress or of demonstrating neglect that could lead to catastrophic neighborhood decline. The residents of Harlem who protested the closure of Sydenham, the people of the South Bronx who pushed to maintain Hostos Community College, and the residents of Greenpoint-Williamsburg who occupied their fire station articulated what we might think of as a moral urban economy, to paraphrase the great British social historian E. P. Thompson. They explicitly rejected the arguments of the city, the state, the federal government, and the financial community (as well as business in the city more broadly) about the primacy of fiscal norms and the needs of urban bondholders. Instead, they argued that this emphasis was one that undermined the

social claims of urban citizens—and they suggested that it might be possible to preserve the communal institutions of the city while at the same time adopting policies that preserved its fiscal integrity. Their protests marked the assertion of social needs against fiscal and economic logic in an era that is largely associated with the opposite trend, suggesting the difficulties and resistance that the new economic rationales encountered, the lingering importance of the protest movements and conflicts of the 1960s, and the gradual ebbing of earlier approaches to policy and urban life as a new era defined by fiscal austerity came into existence.

NOTES

1 Felix Rohatyn, "The Coming Emergency and What Can Be Done About It," *New York Review of Books*, December 4, 1980.

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3 The fiscal crisis that nearly sent New York City to bankruptcy court in 1975 has been described by various different social theorists, most notably David Harvey, as the opening move in an era of neoliberalism. The crisis, as Harvey puts it, became an opportunity for New York City to radically shift its spending and social priorities, so that these no longer were focused on economic redistribution but instead on economic development. Driven by a vision of the reorganization of public life in the city to conform more closely to the idea of the free market as popularized by economists such as Friedrich von Hayek and Milton Friedman throughout the postwar years, elite social groups in the city took advantage of the crisis to reinforce their own priorities for the future development of New York. My chapter builds on this analysis, but I see the response to the crisis as more fragmented and less ideologically coherent than Harvey might suggest. David Harvey, *A Brief History of Neoliberalism* (New York: Oxford University Press, 2007).

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13 Henry Harris, George Leness, and Henry Watts to Board of Governors, Subject: Final Report on the Mayor's Committee to Keep the New York Stock Exchange in New York City, March 8, 1967. G. Keith Funston Papers, Box 6, Folder 6. NYSE Archives.

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15 Chana Klajman to Abraham Beame, May 9, 1975. Roll 12, Abraham Beame Papers.

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18 "Disbanded Companies," FDNY. Copy in possession of the author.

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ened to move to New Jersey—an attempt at industrial retention that was bitterly fought in the neighborhood for years before the last holdouts were forcibly removed from their apartments. People in Greenpoint-Williamsburg would have been surprised to see luxury high-rises, not industrial companies, sprouting up at the water's edge years later.

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